*La Crise Allemande de 1900–1902.* Le Charbon, le Fer, et l'Acier. By ANDRÉ E. SAYOUS, Paris, Larose, 1902.

M. SAYOUS, already well known through his intelligent study of German Exchanges, and other contributions to the political economy of the day, has furnished us in *La Crise Allemande* a valuable collection of facts bearing on the operation and usefulness of German cartels, comptoirs, and other associations, whether of producers or of consumers, entered into with a view to eliminating some of the inconveniences that attend the free play of supply and demand. It is an interesting commentary on the views that prevailed at the beginning of last century; for the doctrine then propounded by the apostles of laissez-faire, that supply and demand furnished an admirable, natural, and even Providential method for adjusting prices and production, does not in the pages of M. Sayous's last book receive the honor even of a passing mention. The necessity of putting an end to the crises produced by this Providential plan has become so obvious that the question no longer is whether these crises can be eliminated, but only how the methods adopted to eliminate them can be improved or perfected. The study of the crises of 1900–1902 becomes therefore a study of the German cartel, and as such presents to Americans a useful analysis of ancient history — for the imperfect combination known as the cartel is already ancient history to us — and as such helps to confirm our convictions regarding the inevitableness of the more perfect concentration of industries with which we are already familiar in our own country. It is, of course, too much to expect of any form of industrial combination that it can eliminate crises altogether; but it is interesting to read the story of the part played by the German cartels during the last few years, if only to convince ourselves that partial combinations are perhaps likely to aggravate crises rather than to diminish them, and that nothing less than such a combination of producers, manufacturers and carriers as our Steel Trust presents can efficiently adjust production and regulate prices. It is clear, for example, that the Comptoir of Essen from 1900 to 1902 maintained the prices of coal in a manner ruinous to the steel industry; that at a time when the steel industry was clamoring for cheap coal, the comptoir stopped the sinking of new shafts (p. 153), and even exported coal at a lower price than that charged to the home industry (p. 154). That an article so vital to human needs as coal could be monopolized as it was by the Comptoir of Essen, is a fact that we have to confront in America as well as in Germany; and strange to say, the remedy of state ownership proposed by the Democratic party of

the State of New York would seem to be of little avail in view of the fact that the state coal mines proved as greedy and regardless of publie interests as the coal barons of Essen (p. 169). To this, however, it may be answered that coal mines worked in the interests of the Hohenzollerns can hardly be cited as against coal mines worked in the interests of an enlightened democracy; but then we have to bear in mind that the world has probably not yet seen a democracy sufficiently enlightened to watch and control the working of its departments so as to place them beyond the danger of official perfunctoriness on the one hand or the reach of individual greed on the other. However this may be, it is probable that the suggestions approved by the author as to the steps necessary to diminish the evils that arise from industrial combination are still inadequate. Publicity may prevent the exploitation of the *investing* public; it will hardly do much for the consumer; and the effort to check exportation below home prices by the establishment of counter premiums is difficult of practical realization.

M. Sayous' work adds another proof of the glaring fact that the European industrial system exposes Europe either to the periodic bankruptcy that attends the free play of supply and demand, or to the tyranny that attends industrial concentration. In our country the latter — kept in check by an ever possible though latent *potential* competition — has, up to the present time, kept us under the sway of what Mr. Ghent happily describes as a sort of "benevolent feudalism"; but some pertinently and disquietingly ask: How long will it remain benevolent?

M. Sayous's book will be read by Americans with something of the complacent satisfaction with which a convalescent reads of the symptoms and disorders that attend the disease from which he is himself recovering. Those political economists, however, who persist in maintaining that there is no such thing as general over-production, if they want to preserve their complacence, would better leave this interesting book severely alone; for if the over-production of 1900 to 1902 in Germany was not general in the fullest sense of the word, it was sufficiently so to justify the indictment against unlimited competition to which over-production gives rise. American experience would seem to emphasize the fact that the German cartel is not centralized enough to produce the full advantages of combination, and yet is powerful enough to accentuate economic crises — a condition of things out of which the completer combinations of our own country are likely to emerge and survive.

EDMOND KELLY.

PARIS, FRANCE.